

## **FISCAL NOTE**

### **HB 1658 - SB 1822**

April 10, 2003

#### **SUMMARY OF BILL:**

1. Establishes priority in implementing reductions-in-force as follows:
  - Termination of personal services contracts
  - Retirement incentives to employees vested in TCRS
  - Career service employees
2. Provides that state employment shall be given more weight and used as the deciding factor for promotions when all other qualifying factors are equal.
3. Requires that a competitive compensation system be implemented for career services employees. The system must recognize each classification's actual responsibilities, education and experience. Such system shall include an automatic annual monetary step increase. The system shall include a competitive compensation system for higher education teachers and employees. When establishing the system, the Commissioner of Personnel must consider prevailing rates of pay in surrounding southeastern states, local area municipal and county governments, and within the local area private sector. There shall be no decrease in compensation or other benefits of any kind provided to state employees from that provided during FY02-03.

#### **ESTIMATED FISCAL IMPACT:**

##### **Increases State Expenditures - Exceeds \$40,000,000/Higher Education**

**Other Fiscal Impact - Requirements of the bill may delay savings that would have been realized in the absence of the bill, resulting in a larger reduction-in-force. Contracts may have termination notice requirements that could delay elimination of contract positions. In addition, highly technical or specialized skill positions acquired through the contract process may be eliminated jeopardizing projects in which the state may have already invested a substantial amount of funding. The estimated fiscal impact of the bill cannot be determined and would depend on actions needed and actions taken but is estimated to be a net cost increase to the state exceeding \$100,000, for penalties incurred for early contract termination and additional costs incurred as the result of delaying or canceling projects due to the elimination of specialized skilled or technical contract positions.**

Estimate assumes the bill places the compensation of higher education personnel within the Department of Personnel. This system of compensation would factor in comparable regional salaries. Increasing higher education faculty salaries to the average SREB states based on FY01-02 data would cost approximately \$43,200,000.

The inclusion of local private sector faculty and providing an annual step increase to compensate for experience as required by the bill would also increase this projection.

Comparative data from other states is not compiled on staff and administrative employees, and therefore actual cost of raising the salaries of those individuals to the regional average cannot be determined, but is estimated to be significant.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director